



MSR Program Description

Introduction

Orange County LAFCO's Municipal Service Review Program consists of a two-tiered approach. In Tier One, LAFCO will plan, design, and implement MSRs through a four-phase process. Each of those MSRs will result in determinations, updates to agencies' spheres of influence, and recommended actions as next steps for stakeholder agencies and organizations. In Tier Two, those next steps will be initiated and implemented by the agencies themselves, if they so desire, through stakeholder-driven processes.

The following provides a brief description of the four phases of Tier One.

Phase One: Stakeholder Interviews

PROCESS DESIGN

34 countywide interviews were held by LAFCO's consultants with key stakeholders selected from a broad cross-section of public and private organizations and backgrounds by the MSR Oversight Committee. The purpose of the interviews was to gather direct input, perspectives, and opinions from Orange County's stakeholders on the key service, governance, and infrastructure challenges Orange County's public agencies and citizenry will face over the next 15 to 20 years of population growth and demographic change. The interviews were designed to help LAFCO focus the MSRs on the key issues and challenges that matter most to the stakeholders who will ultimately be the end users of the MSRs.

Phase Two: MSR Prototypes

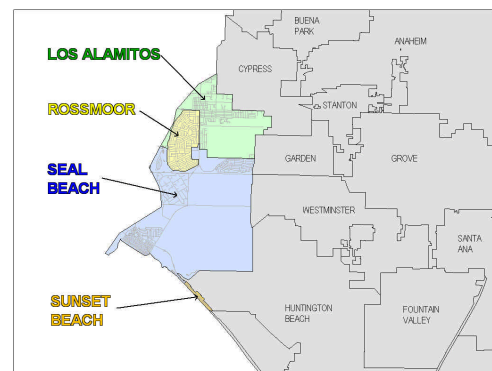
PROTOTYPE IMPLEMENTATION

LAFCO will initially launch and implement the MSRs through two "prototypes." The prototypes are located in two characteristically different geographic "focus areas" in the County. The studies will seek to address service and infrastructure issues that differently impact both the older "urban core" and newer "urban fringe" areas of the County. The MSR prototypes are:

Rossmoor / Los Alamitos / Seal Beach / Sunset Beach

This focus area is generally characteristic of Orange County's older "urban core" areas with more established neighborhoods built before 1970. An MSR in this "focus area" will seek to address service, infrastructure, and governance challenges such as:

- ▶ Aging infrastructure (water, sewer, roads, etc.)

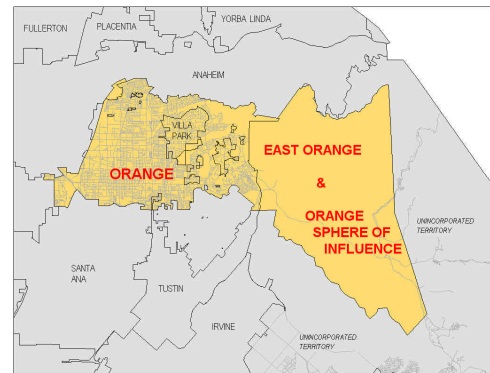


- ▶ Financing constraints and opportunities to sustain urban levels of service and quality of life
- ▶ New and existing opportunities for inter-agency collaboration, cost-sharing, cooperative agreements, etc.
- ▶ Governance options and communities of interest

Orange / East Orange / Orange Sphere of Influence

This focus area is characteristic both of Orange County's older "urban core" areas and the newer "urban fringe" areas of the County where new and existing development potential exist. An MSR in this "focus area" will seek to address service, infrastructure, and governance challenges such as:

- ▶ Public services and facilities required to serve the future needs of future residents
- ▶ Structural relationships of overlapping service agencies and providers in newly developing territories



Based on the needs and opportunities identified in the "focus areas," each of the MSR prototypes will result in the following items required by state law:

 **Nine determinations about present and future opportunities, constraints, and needs:**

1. Infrastructure needs or deficiencies
2. Growth and population projections for the affected area
3. Financing constraints and opportunities
4. Cost avoidance opportunities
5. Opportunities for rate restructuring
6. Opportunities for shared facilities
7. Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers
8. Evaluation of management efficiencies
9. Local accountability and governance

 **Sphere of influence updates for all cities and special districts.**

In addition to the mandatory outputs outlined above, LAFCO and stakeholders in the prototype "focus areas" will emerge from the MSR process with recommended actions as next steps for stakeholders to begin planning for the areas' service, infrastructure, and governance challenges.

Phase Three: Prototype Evaluation

PROCESS EVALUATION

Upon completion of the MSR prototypes, LAFCO will revisit the MSR Guiding Principles and evaluate the success of the MSR prototypes in light of those principles: Was it future-oriented? Was it valuable to the stakeholders as the end users? Was it an open and inclusive process?

The MSR approach and process will be revisited and fine-tuned based on the successes and shortcomings of the prototypes.

Phase Four: MSR Implementation

PROCESS IMPLEMENTATION

In Phase Four, LAFCO will launch full implementation of the MSRs based on a prioritized five-to seven-year schedule. The MSRs will be conducted through an approach and process as described in later sections of this report.